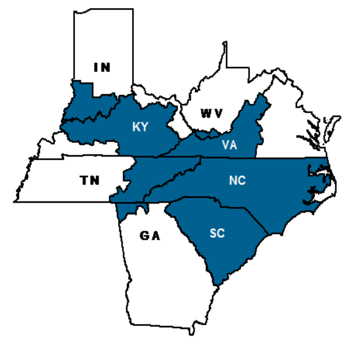
APPALACHIAN MARKETING AREA
FEDERAL ORDER 5

THE COURIER

Monthly Newsletter

August 2022



Harold H. Friedly, Jr.
Market Administrator

Inside this issue:

Harold H. Friedly Jr. Announces Retirement

After forty years of service, our dedicated and hard-working Market Administrator, Harold H. Friedly Jr., will be retiring from the Milk Market Administrator's office effective September 2nd, 2022. Mr. Friedly began working for the Federal Milk Marketing Orders in 1982 as an I.T. Analyst and over the next forty years, he became the Market Administrator for the Appalachian, Florida, and Southeast Federal Orders. He will be greatly missed but we are so happy that Mr. Friedly can now enjoy his own time doing his favorite hobbies, fishing and golfing.

Dairy Outlook

Dairy Forecasts for 2022

The U.S. milk production forecast for 2022 is 226.8 billion pounds, 0.8 billion higher than last month's forecast. Higher milk cow numbers and yield per cow were forecast for 2022-Q3 and 2022-Q4, based on July 1 dairy cow inventory estimates provided in the recent Cattle report. The 2022 annual projection for the cow inventory is 9.420 million head, 20,000 head above the previous projection. The 2022 annual forecast for milk per cow was increased by 30 pounds to 24,070 pounds.

Due to lower-than-anticipated domestic use in 2022-Q2, the 2022 domestic forecast is adjusted down from the last projection despite a slight year-over year increase in expected second-half domestic use. On a milk-fat basis, the 2022 domestic use projection is 221.1 billion pounds, 0.1 billion lower than last month's forecast. On a skim-solids basis, the 2022 domestic use forecast is 180.0 billion pounds, 0.5 billion lower than last month's forecast.

Based on relatively low wholesale domestic prices for most dairy products in recent weeks, recent downward trends in international prices, and higher forecast milk production, wholesale price forecasts for dairy products, excluding butter, have been lowered for 2022.

Dairy Outlook, cont'd on pg. 3

Appalachian Statistical Summary

	JULY 2022	JUNE 2022	JULY 2021
PRICES: (Base Zone)			
Uniform Price	$28.14	$28.52	$19.61
Class I Price	29.27	29.27	20.82
Class II Price	26.66	26.65	16.83
Class III Price	22.52	24.33	16.49
Class IV Price	25.79	25.83	16.00
Uniform Skim Milk Price	$16.92	$17.80	$13.27
Class I Skim Milk Price	18.04	19.06	14.35
Class II Skim Milk Price	15.42	15.50	10.53
Class III Skim Milk Price	11.15	13.13	10.20
Class IV Skim Milk Price	14.54	14.68	9.69
Uniform Butterfat Price	$3.3744	$3.2398	$1.9434
Class I Butterfat Price	3.3883	3.1068	1.9930
Class II Butterfat Price	3.3670	3.3393	1.9066
Class III Butterfat Price	3.3600	3.3323	1.8996
Class IV Butterfat Price	3.3600	3.3323	1.8996
PRODUCER MILK:			
Class I	284,627,164	287,580,230	287,940,295
Class II	59,891,228	70,735,848	63,088,137
Class III	37,178,462	33,991,931	23,624,042
Class IV	37,252,995	40,613,142	41,214,082
Total Producer Milk	**418,949,849**	**432,921,151**	**415,866,556**
PERCENT PRODUCER MILK IN:			
Class I	67.94	66.43	69.24
Class II	14.30	16.34	15.17
Class III	8.87	7.85	5.68
Class IV	8.89	9.38	9.91

F.O. 5 STATS FOR July 2022:

The Uniform Price
for July 2022 was $28.14 per cwt., an increase of $8.53 from July 2021.

Total Class I Milk
For July 2022 was 284.6 million pounds, a decrease of 3.0 million pounds compared to June 2022.

Class I Utilization
was 67.94 percent for July 2022, an increase of 1.51 percentage points from June 2022.

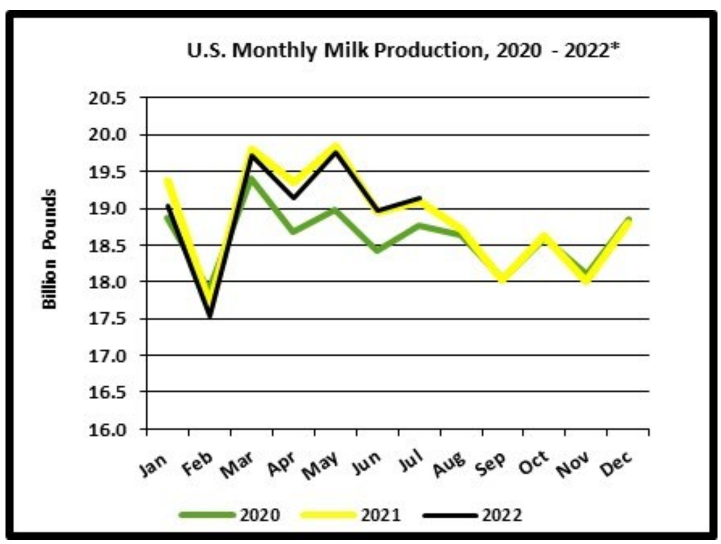
Total Producer Milk
For July 2022 was 418.9 million pounds, an increase of 3.1 million pounds compared to July 2021.

July Milk Production up 0.3%

Milk production in the 24 major States during July totaled 18.3 billion pounds, up 0.3 percent from July 2021. June revised production, at 18.1 billion pounds, was up slightly from June 2021. The June revision represented a decrease of 45 million pounds or 0.2 percent from last month's preliminary production estimate.

Production per cow in the 24 major States averaged 2,055 pounds for July, 21 pounds above July 2021.

The number of milk cows on farms in the 24 major States was 8.92 million head, 66,000 head less than July 2021, but 1,000 head more than June 2022.



*Based on entire U.S. production

Dairy Outlook, cont'd from pg. 1

Price forecasts for cheese, NDM, and dry whey are $2.075 (-11.0 cents), $1.665 (-9.0 cents), and $0.610 (-3.0 cents), per pound, respectively. Price for butter is up 0.5 cent from the previous month's forecast at $2.785. With lower estimated wholesale prices for cheese and dry whey, the Class III milk price forecast for 2022 is $21.60 per hundredweight (cwt), $1.20 lower than the previous month's forecast. The Class IV milk price projection is $23.95 per cwt, $0.75 lower than last month's forecast as the higher butter price is more than offset by the lower NDM price. The all-milk price forecast for 2022 is $25.20 per cwt, a decrease of $0.95 from last month's forecast.

Dairy Forecasts for 2023

Following through on the 2022 upward forecast, the 2023 milk cow inventory is raised by 35,000 head to 9.435 million head. The forecast for milk per cow is 24,300 pounds, 10 pounds higher than last month's forecast. The projection for 2023 milk production has been raised to 229.2 billion pounds, 0.9 billion higher than last month's forecast and 2.4 billion pounds above the 2022 forecast.

In 2023, dairy exports are projected to total 51.2 billion pounds on a skim-solids basis, 0.2 billion higher than the previous month's forecast, as strong skim exports of dry skim milk products and lactose are expected in 2023. With larger expected domestic supplies, dairy imports are projected slightly lower from the previous forecast in 2023, at 6.8 billion pounds (-0.1 billion) on a milk-fat basis and 5.9 billion pounds (-0.1 billion) on a skim-solids basis.

Higher expected milk production and lower dairy product prices are expected to boost domestic milk use in 2023. On a milk-fat basis, the annual domestic use forecast for 2023 is 222.1 billion pounds, 0.3 billion higher than the previous forecast. On a skim-solids basis, the forecast for domestic use is 182.2 billion pounds, 0.8 billion above last month's forecast. Dairy product price forecasts for 2023 have been lowered due to high expected domestic supplies and strong price competition from international exporter countries.

Wholesale price forecasts for Cheddar cheese, butter, NDM, and dry whey are lowered from last month's projections to $1.975 (-9.5 cents), $2.375 (-6.5 cents), $1.450 (-19.5 cents) and $0.485 (-3.0 cents), respectively. With lower estimated wholesale prices for cheese and dry whey, the Class III milk price forecast for 2023 is $19.70 per cwt, $1.15 lower than the previous month's forecast. Due to lower butter and NDM price forecasts, the Class IV milk price projection for 2023 is $20.35 per cwt, $1.95 lower than last month's forecast. The all-milk price forecast for 2023 is $22.50 per cwt, a decrease of $1.65 from last month's forecast.

Livestock, Dairy, and Poultry Outlook, LDP-M-338, August 18 2022,
USDA, Economic Research Service

APPALACHIAN MARKETING AREA
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Federal Milk Marketing Order Statistics - July 2022

	Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price $/cwt
1	Northeast	2,286.4	615.9	26.9	26.36
5	*Appalachian*	*418.9*	*284.6*	*67.9*	*28.14*
6	Florida	189.2	153.8	81.3	30.29
7	Southeast	306.0	213.8	69.9	28.71
30	Upper Midwest	2,584.3	154.2	6.0	22.93
32	Central	1,337.0	332.9	24.9	24.31
33	Mideast	1,314.3	468.9	35.7	24.70
51	California	1,742.7	359.3	20.6	24.22
124	Pacific Northwest	649.9	123.9	19.1	24.48
126	Southwest	1,077.9	285.6	26.5	24.80
131	Arizona	394.7	101.1	25.6	25.44
	All Orders	12,301.4	3,094.2	25.2	24.85

[1/] Weighted average uniform prices at 3.5% butterfat at announced locations.